

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:5812
ANSWERED ON:03.05.2000
NEW POLICY BY SIDBI
UMMAREDDY VENKATESWARLU

Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES be pleased to state:

- (a) whether the Small Industrial Development Bank of India has evolved a new policy to extend a five percent interest subsidy on loans given to the Small Scale Sector for the purpose of modernisation;
- (b) if so, the details thereof;
- (c) whether new SSI units have been deprived of adequate and cheap credit;
- (d) if so, the reasons therefor; and
- (e) the manner by which the Government propose to meet this requirement of the SSI sector?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND AGRICULTURE
RURAL INDUSTRIES

(SMT. VASUNDHARA RAJE)

(a) & (b): A Scheme for technology upgradation for the small sector is being formulated by the Government.

(c) to (e): Based on the viability of the project, all SSI units including new units are provided credit by the commercial banks as per prevailing norms to the extent possible. However, in order to improve the flow of credit further, the Government has taken various measures which, inter-alia, includes earmarking 60% of SSI credit under priority sector lending for tiny sector units opening of specialized bank branches, enhancing the limit of composite loans under single window scheme from Rs. 5 lakhs to Rs. 10 lakhs and formulation of Credit Guarantee Scheme to provide loans without collaterals upto Rs. 10 lakhs.